App. F. IX-4

Previous References

193 7.
(Legis)

File No. 14837
Serial Nos. 1-2.

Later References.
1. Legis. 4-39-1.

PRESERVED

56

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Two only

Part B for November 1937.

SUBJECT.

Introduction of a Bill to control Money-lending Business in the State.

WD 0573—GPB—22,500—12-9-39

[illegible]
9/10/39.

1542
P

DEWAN'S OFFICE
14 SEP 1933

TOPICS OF THE DAY

—:o:—

The Pathan Money-Lender

We would draw the especial notice of the authorities to a letter which appears in our correspondence columns in the above connection to-day. The money-lender is always an evil, we have stressed the fact times out of mind, and have told the story of his machinations in the M[illegible]ted a ve[illegible]ssing ov[illegible]n the money-lender takes the form of a Pathan who is out to recover much more than his legal d[illegible] personal intimidation and, in military phraseology, to continue the practice until he has squeezed his unfortunate victim dry and cast him away like a used sponge, he represents a curse the immensity of which can be realised only by those who are brought under his sphere of influence. We see no reason whatever why the Criminal Tribes Act should not be extended so as to embrace the Pathan money-lender, or why he should not be compelled to reside outside the limits of Mysore and Bangalore cities. For, compared with his robberies and depredations, those of the so-called "Criminal" Tribes are as drops in an ocean of iniquity and are, moreover, perpetrated under the pressure of real want. The money-lender, *per contra*, battens on the necessities of the hard-pressed but respectable Mysorean: he is an undesirable and, as such, should be deported from the limits of the State's fair cities. Had we our way, we would exclude him not merely from Mysore and Bangalore, but from every considerable town in the State.

(1) H. Members with compliments
Do you think it
worth while ~~you~~ consulting some leading gentlemen of
Bangalore & others & considering if it is
possible or desirable for Govt. to take
any action in this matter.
These seems to be a great
nuisance, if not a menace to our people.
facts
Please

Jm
13-9-33

(2) Reply
Dr. Sd

(3) UW. 16.9.33. 16/9.

1651
16/9

Pathan Money lenders

[App. F. III—2

General and Revenue Secretariat | File No. of 193-

Serial No.

(4) Legis file 55-31 and P.D. 115-32 regarding the control over Pathan money lenders, are put up.

The question of introducing Money lenders Regulation in the State was considered in Legis file 55-31 & it was ordered that as ~~therein~~ the violent methods of Pathans are not heard of late there question of taking up the regulation for better control over them may lie over for the present vide paras 15(e) & 16 of the notes in the Legis file page 7

Since then several petitions complaining of the Pathan menace to the society have been received. The I.G. of Police also was consulted in the matter of taking action under the existing provisions of law has stated that there is no provision in the existing law to tackle the question but the introduction of Money lenders Regulation on the lines of the Madras Money lenders Act might prove effective. vide his letter dated 11.7.33 flag 'W' P.D. 115-32

As the Madras Money lenders Act has not yet taken full shape nor has been administered, it has been ordered that we might wait & see how it works. vide para 16 of the notes in P.D. file 115-32.

A note regarding the right of Govt to expel undesirables is also put up flag 'X'

NOTE—Contn. Sheet.

WD 70—GBPM—60,000—11-8-31

18/9/33

Pathan money lenders — A menace

(5). This question has been noted upon by me in the file below at paras 15 to 18

Dew Sec)

C
21/9/33

(6) Second member.

CAN.
21.9.33.

(7) Please see Dewan's orders re consult. Can you suggest a few names of people of the two cities whom we cd consult during Dasara & fix up some date & the meeting?

SJR
27/9

Contd See. Protection.

CAN.
28.9.33

(8) The following names are suggested.

1. Mr. B. K. Gaundacher
2. Mr. Abbas Khan Govt. advocate (11)
3. ~~Mr. M. Ramachandra Rao Sindia~~
4. Mr. C. Subbaroma chetty
5. Mr. S. Venkatakrishniah
6. ~~Mr. M. Ramaswamy (Hyder)~~
7. Mr. K. Dana Kotachetty
8. ~~Mr. B. S. Krishnaswamy~~

Nos. 1 to 5 will be in Mysore now. The meeting may if approved be held on the 2nd oct.

Dew Sec)

C
29/9/33 (10)

Second member. (9) CAN.
29.9.33

SJR 29/9

CAN.
5.10.33

Office of the Second Member of Council
23 SEP. 1933
No. 1757

Office of the Second Member of Council,
29 SEP. 1933
No. 1926

Resolution to be moved in the Dasara

General and Revenue Secretariat | M File No. 290 of 193 | [App. F

Serial No.

Resolution proposed to be moved in the Dasara Session of the R.A. by Mr H. P. Somasekhara, B.A., B.L., Bangalore city, that Legislation be introduced for regulating & controlling the business of Pawn-Brokers & Money Lenders in the States.

2 Subd. Mr M. A. Srinivasan in his report on the condition of Labour in the Kolar Gold Fields recommended that the profession of money lending should be a licensed one. On his recommendation a report was called for from the Dir, who has suggested a Regulation on the lines of the Panjab Regulation of the Accounts Act, may be passed in this matter. This question is being worked up in a separate file and no orders have yet been passed on it. The file is now in the Law Secta (L. no. 124). May this file also be transferred to the Law Secta, ~~for information~~ for orders. or the R.A. Secta informed that the Dev Sec will be in charge of the Resolution

Jem R KR 31.8.33. 31.8.

13 If this resolution comes up for discussion the Hon'ble mover may be informed that this subject is under the Consideration of Govt, though the question of introducing legislation is not free from difficulties. The Dev Sec may be in charge of the Resolution

Jr under

Mrs 31.8.33

Dev Sec

Secy.

Mrs 31.8.33.

NOTE—Contn. Sheet.

WD 70—GBPM—60,000—13-3-31

Resolution to be moved in the Dasara Session

[App. F. III—2

General and Revenue Secretariat | M File No. 290 of 1933.

Serial No.

Resolution proposed to be moved in the Dasara Session of the R.A. by Mr M. P. Somasekhara Rao, B.A. B.L. Bangalore city, that Legislation be introduced for regulating & controlling the business of Pawn Brokers & Money Lenders in the States.

12 Subd. — Mr M.A. Srinivasan in his report on the condition of Labour in the Kolar Gold Fields, recommended that the profession of money lending should be a licensed one. On his recommendation a report was called for from the Dn, who has suggested a Regulation on the lines of the Punjab Regulation of the Accounts Act, may be passed in this matter. This question is being worked up in a separate file and no orders have yet been passed on it. The file is now in the Law Secta (D.No. 124). May this file also be transferred to the Law Secta, ~~for is for orders~~. or the R.A. Section informed that the Dev Sec will be in charge of the Resolution

Sd R.K.P. 31.8.33. 31/8.

13 If this resolution comes up for discussion the Hon'ble Minister may inform that this subject is under the consideration of Govt, though the question of introducing legislation is not free from difficulties. The Dev Secy. may be in charge of the Resolution

For orders

Mrs 31.8.33

Dev. Secy

Mrs 31.8.33.

NOTE—Contn. Sheet.

WD 70—GBPM—60,000—13-8-31

14 Subd for orders if the file may not be submitted to the member also before informing the R.A. secy.

K.P. 4.9.33

Dev Secy 1.9.33

First member.

1.9.33

15 4/9/33

2.9.33

4/9

16 R.A. Section for note & Return

4.9.33

4.9.33.

17 Prot. Br. is requested to take the linked file and return the file to this Br.

11.10.33

(Prot. Br with Cont)

~~Subject to Speaker's decision~~ ~~retained~~ ~~Non-Broad subjects may be~~ ~~referred~~

12/10/33

~~Prot. Br.~~

OFFICE OF THE FIRST MEMBER OF COUNCIL 2 SEP 1933 No. 1803

Resolution No 4

Subject. Legislation for regulating & controlling the business of moneylenders & pawnbrokers

The Dev. Secy is to be in charge of this Resolution.

The house is to be informed that the subject is under consideration of Govt. Though the question of introducing legislation is not free from difficulties

Pathan Money lenders

154

General and Revenue Secretariat | File No. | of 193 | [App. F. III—2

Serial No.

18) The linked file is retained. This file ~~may~~ will be returned to the Desk Br for taking necessary action as ordered in para 7 to 11 of the notes in this file.

GEN. & REV. SECRETARIAT 12 OCT. 1933 DEVE...

~~To~~ Note ~~the Desk Br with compliments~~ 12/10/933

Cg 12/10/33

19) Please vide Dy Secy's general note of 7.10.33 (para 11). For orders

Dy Secy 13/10/33

20) The Second Meeting is appreciable to the holding of a meeting in the first week of Nov. 1933 to consider the following subjects

1. The controlling of the business of Money Lenders & Pawn Brokers
2. To check the nuisance of the Pathan Money Lender.

The following persons may be invited for the deliberation.

Mr. Rajeswara Iyer Govt. Advocate
" B.K. Gunthacher
" Abbas Khan, Khan Bahadur
" Subbaraya Chetty.
" S. Venkatakrishnaiah (Retired Judge)
" K. Dhanakoti Chetty Esqr

Cgd.
19.10.33
Nov 10.10.33

NOTE—Contn. Sheet.

File No. of 193 . General and Revenue Secretariat

21.) Sanction written on draft. The date and time of meeting will have to be indicated in the draft.
A. 21.10.33

22) For approval
Dev. Sec 1)
Second Member.

21/10.

23) ✓ 23.10.33.

Appd. Monday the 6th Nov
at 3.30 will suit me. I have
prior engagement at Saturday

Sd/
24/10

24.10.33

Issue
25/10

Issued vide D. 18833-8 of 25.10.33.

Office of the Second Member-in Council
ZA T.
No. 2.3.6.6.

71

REPLY

(*To be written on this margin.*)

1533

OFFICE OF THE SECOND MEMBER OF COUNCIL

NOTE

Dated 27 – 10 – 1933

URGENT

GEN. & F. SL

DEVELOPMENT BRANCH.

25) The Registrar of the Co-op^ve Societies (if not already included) and the Under-Sec^y, Law dep^t may also be asked to be present at the meeting in connection with money lending.

Sgd

Dep^t Sec^y
with compliments

26) Jone. C.S.O. 27.10.33. 28/10

27) Sahib wire a draft for approval
Jone R 28.10.33.

1940-41 D

1942 D

28/10/33

28) It is enough if the same letter addressed to others are sent to him about his officers.

D. 2094 / 6/11/33 To the Dy. Sec^y. 28.10.33

Control of Money-lenders in the State

[App. F. III—2

General and Revenue Secretariat | File No. | of 193

Serial No.

3208

1933 C E

Office of the Second Member of Council, 15 NOV. No. 2045

2) The proceedings of the meeting held on 6.11.33 re legislation to control & regulate money lenders is submitted for perusal. The main decisions arrived at are noted at pages 7 & 8. If approved a draft Bill embodying these ideas will be drawn up.

Second Member)

Ce 15/11/33

3) The comprehensive note put up by the office explains the present state of the law & the steps taken elsewhere to remedy the defects. The Cont^ee discussed the questions in detail & the conclusions are cont^d at pages 7 & 8 of the proceedings. There is a general feeling that legn. s^d be undertaken in respect of professional money lenders, imposing special cond^ns on the Nattukottai money lenders by way of regn. etc. The gl. conclusions appear to me to be suitable. May be subm^d to the Dewan

Dewan)

16/11

17/11

3) I feel the chief thing is — our aim

16/11.33

17/11

NOTE—Contn. Sheet.

Control of Money Lenders in the State 10

General and Revenue Secretariat	File No.	of 193	[App. F. III—2

Serial No.

should be - to make it less & less attractive from the money-lender to lend more especially to the ordinary wage-earner. Too far as this process is not otherwise consistent with my mind, this is a problem.

Jm
8-12-33

DEWAN'S OFFICE 3659 9 - DEC. 1933

Second Member of Council. No. 3475

page 8 para b

(Second Member) 9/12/33

33) The cumulative effect of the provns proposed will be to restrict the credit of the borrowers & to make it unattractive for lenders to lend money freely as they are doing. The provn re maximum rate of interest will certainly work in that way. As regards wage earners, if exemption from attachment of their wages & similar provns are added, as proposed ~~to be done~~ in para b page 8 of the proceedings, it will not be attractive to the money lender to advance money to such borrowers.

JAN'S OFFICE 3807 14 DEC. 1933

12/12

(Dewan.) 13.12.33.

33) Jm 14-12-33

14/12/33

15/12.33

NOTE—Contn. Sheet.

WD 0434—GPB—15,000—12-10-33

34) A bill may be drafted

The Money-Lenders Bill

File No. 2629 of 193

General and Revenue Secretariat

Serial No.

on the above lines & Cancel

S/02
22/12

Office of the Second Member of Council.
23 FC.
No. 39 26

Hm
23/12

23/12

3(b) Sent with draft Bill (vide enclosure to office notes page 27)

Dow
5.1.34
VBR
6.1.34

3(b) Draft of the Money Lenders' Bill with the Statement of Objects & Reasons is submitted for consideration

Governor)

G
29/3/34

Second Member.

37) Cam.
31.3.34

38) I have discussed this with the Under Secy. & have given him certain personal instns & redrafting certain portion of the bill — It may be redrafted soon.

G/34
29/4

2629

12

Serial No.

Please see enclosure to Office notes pp. 27, 28

39) The drafts of the bill & the Statement of Objects & Reasons have been revised as personally instructed by Second Member)

Le 18/5/84

OFFICE OF THE SECOND M... 21 M... 34 No. 7

40) Please bring up. Portions to be omitted are not clearly shown — This may be done

Sd/- 12/7

14.7.84

30c6/13/7

41) The Second Member directed that we may await the report of the Agriculture Relief Committee,

Le 16/7/84

WD 0434—GPB—15,000—12-10-33

13

Serial No.

4(a) The Agriculturists' Relief Committee have referred to moneylenders & made suggestions for ameliorative legislation at paras 4, 2 & 4 of the Report.

4(3) At para 48 they refer to this Bill which is under consideration.

1) They recommend maximum rate of interest — (a) 10% on secured debts (b) 15% on unsecured debts, (c) Compound interest with rests of not less than 6 months. Anything in excess is to be considered as usurious & relieved under the usurious loans Regulation.

In the draft Bill clauses 3 & 4 provide for maximum rates of interest viz 18% for secured loan, 24% for unsecured loan, not less than 6 monthly rests for compound interest, and 10% for compound interest. The maximum rates recommended by the Committee are perhaps somewhat low. They are suggesting those rates for agriculturists. As this Bill is intended to apply for all loans, we may retain the rates as in the draft Bill, if approved. They may be reduced in the L.C. if the views of the House is for reduction.

(2) The second recommendation of the Committee is to extend the rule of damdupat to all debtors. This is provided for in clause 5 of the draft Bill.

NOTE—Contn. Sheet.

WD 0434—GPB—15,000—12-10-33

2629 of 33

1857/P

14

File No. of 193 .

General and Revenue Secretariat

Serial No.

(2) They suggest legislation for controlling money lending, but make no specific recommendation.

44) Parts III & IV of the draft Bill deal with ~~powers~~ provisions to control & regulate professional money lending business.

45) Part I contains definitions. Part II contains general provisions relating to all loan transactions such as maximum rates of interest granting of receipts etc. Part III provides for registration of all professional money lenders. Part IV deals with licensing of certain classes of money lenders or in certain areas to which this may be made applicable.

46) This part has been modified and made simpler as directed by the Second Member.

47) The draft Bill & the Statement of Objects & Reasons are submitted for consideration

Second Member)

17/6/35

48) This will wait till the Transfer of Property for the next Session

22/9

23/9

23/9

23/9

This may be brought up in the first the next session

23.9.35

OFFICE OF THE SECOND MEMBER OF COUNCIL.
19 JUNE 1935
No.

1235/37.

15

General and Revenue Secretariat. Legs File No. 14 of 1937. [App. F. III-2

Serial No.

49) The Hon. Minister has ordered in the file re. legislative programme that the bill may be worked up.

50) The draft bill and statement of objects and reasons are for orders.

Sd/- S.G. 21/8/37

51) The Hon. Minister was pleased to order that the opinion of the High Court may be invited about the advisability of the introduction of a Bill of this kind before further action was taken.

52) If approved, necessary steps will be taken.

Sd/- A.S.R. 12/8

Govt. Secy & Hon. Minister

53) Sd/- R.V. 13/8

54) Sd/- S.P.R. 14/8

Sd/- Secy. 14/8

Sd/- A.S.R. 14/8

55) Draft submd.

Sd/- S.G. 20/8

56) Issue Sd/- A.S.R. 27/8

1 Issued vide p. 1147 of 25-8-37.

NOTE-Contn. Sheet.

16

File No. Leges 4 of 1937

General and Revenue Secretariat

Serial No.

From

The Registrar, High Court of Lagos.
No. 151/37-38 of 24. 11. 37.
Forwarding the minutes* of the Chief Justice and other Judges in the matter.

2

Copy 8

*minutes are placed in A. Legis 4-39. vide the original letter.

Points for discussion regarding legislation for regulating and controlling money-lenders.

What are the existing defects in the present position requiring remedial action

Regulation and Control.

1. What are the classes of moneylenders whose transactions have to be controlled and regulated;

2. What are the methods of control and regulation;

3. Are the existing measures sufficient?

(i) Rule of Damdupat;
(ii) Agriculturists Relief Regulation;
(iii) Usurious Loans Regulation.

4. Will the widening of the scope of these measures meet the situation;

i) application of the Rule of Damdupat to all communities;

ii) Better working of the Usurious Loans Regulation and defining the term "excessive" by fixing limits for rate of interest;

iii) Extension of the Agriculturists Relief Regulation to other parts of the State and widening its scope by making it applicable to all borrowers and not merely agriculturists.

Legislation.

5. Is further legislation necessary, and if so what are the lines thereof;

6. Legislation on the lines of

i) The Punjab Loans Regulation Act;
ii) ~~Bombay~~ Bengal Money Lenders Act;
iii) United Provinces Agriculturists Relief Bill;
iv) Madras Money Lenders Bill.

7. The English Moneylenders Act.

8. Is not registration or licensing necessary;

9. Is registration to be compulsory or optional;

10. How to deal with moneylenders of the type of Pathans? Is it necessary to get them registered by the Police;

11. Provisions in Legislation:

1. Registration or licensing;
2. Compound interest and penal interest to be prohibited;
3. Maximum rate of interest to be fixed, or define the term "excessive" in the Usurious Loans Regulation;
4. Instalments;
5. Exemption from attachment, imprisonment, etc.
6. Summary proceedings for liquidation of debts;
7. Curtailment of period of limitation for suits and execution of decrees.

Ce
14/4

Gave to para 29 [illegible] page 9

Proceedings of the Informal Conference with some leading gentlemen, convened in the Second Member's Chambers on 6th November 1933, to consider the need for ~~ax~~ legislation for controlling Pawn-brokers & money-lenders. -----

---

P r e s e n t.

1. Mr. S.P. Rajagopalachari, B.A.,B.L., (Chairman)
2. " S. Venkatakrishnaiya, B.A., B.L.
3. Khan Bahadur Mahomed Abbaskhan
4. Mr. P. Subbarama Chetty
5. " K. Dhankoti Chetty.
6. " B.K. Garudachar
7. " Abdul Wajid, B.A.,
8. " K.V. Anantaraman, B.A.,
9. " M.G. Mehkri, B.A., LL.B.,
10. " A.R. Nagesvara Aiyar, B.A., B.L.,
11. " C. Subrahmanya Aiyar, B.A., B.L.,

The Chairman explained that the meeting was called for considering the question of legislation for controlling pawn-brokers and money-lenders and to check the nuisance of the Pathan moneylender. The general question has been under the consideration of Government for a long time. It had come up a number of times before the Representative Assembly. It has also formed the subject of inquiry by several Royal Commissions in British India, e.g. ,(1) Royal Commission on Agriculture, (2) Royal Commission on Labor, (3) Central Banking Enquiry Committee and (4) several Provincial Banking Enquiry committees.

For purposes of this meeting, the Chairman proposed to deal with the question of money lending under certain general headings: viz.,

1. What are the defects in the present position as regards moneylending in the State? Are there any large defects requiring ~~any~~ remediable action? If so, what is the kind of action that has got to be taken?

There were already on the Statute Book certain pieces of legislation dealing with money lending, e.g., The Agriculturists' Relief Act; (2) the Usurious Loans Regulatior The former was applicable only in the case of agriculturists. Whether an extension of the principles in those two Acts would be enough to meet the existing situation had to be examined. If it was not sufficient, then there ~~xx~~ might be need for fresh legislation. If so, the point was on what lines such legislation should proceed.

The British Indian Commissions have suggested certain general lines for action. Accordingly, certain Provinces have already taken action or are taking action. In Punjab the problem had become very acute and they had to enact the PUNJAB LOANS REGULATION. Similarly, there was the Bengal Moneylenders' Act. The United Provinces ~~xxx~~ had already framed a Bill which was just now under consideration. In Madras, the Moneylenders' Bill was being considered by the Select Committee. Though there was some difference in the opinions ~~furnished by~~ of one Province ~~and~~ from another, ~~xxxxxxxxxx~~ as regards points of detail, still they were all taking action towards enacting legislation to regulate the moneylending business. Most of the provisions in the British Indian Acts were based on the general English Acts of 1900 and 1927 The latter Act was a more comprehensive and stringent one.

Finally, there was the question of dealing

dealing with a particular class of money-lenders, viz., Pathans, who were carrying on moneylending at usurious rates of interes

The British Indian Acts contained the following provisions:

(a) Registration of licensing of moneylenders;

(b) prohibiting ~~the~~ compound and penal interests;

(c) fixing the maximum rate of interes

(d) defining the term "Excessive" in t Usurious Loans Act;

(e) ~~question of~~ instalment payment;

(f) ~~do.~~ Exemption from attachment, imprisonme etc. in certain cases

(g) curtailment of period of limitatic of suits and execution of decrees

Then the usual points about keeping of accou production of accounts when asked for by the debtor, compulsory receipts being given wher payments were made, etc., had been specifically provided. These points will have to find a place in any piece of proposed legislation.

As regards the defects in the present position of money lending, from court proce -ings and other things, ~~that~~ Government under stood that there were a number of ~~defects~~ difficulties. These were stated to be:

(i) Rates of interest were very high. ~~General~~ Compound interest was being charged

(ii) Alleged dishonest dealing in cer class of money lenders: Documents being t for larger amounts than were actually paid debtors.

(iii) Recovering the interest in advanc and not giving credit therefore to the debt

(iv) Taking the signature or thumb impression of the debto on blank paper and filling the amount later

(v) Manipulation of accounts to the disadvantage of the debtor.

(vi) conditional sale deeds.

(vii) Taking consent decrees before lending money.

(viii) Petty exactions for writing expenses, for negotiating the loans,&c

The CHAIRMAN then called upon the members to express their views on the question whether there were any defects in the existing position as regards moneylending in the State and whether they were such as required remedial action of some kind or other:

Khan Bahadur MAHOMED ABBASKHAN said that it was very necessary that some kind of control should be exercised on moneylenders of the usurious type by means of penal legislation. They must be made to take a license, produce accounts whenever called for by the debtor, acknowledge all payments received from the debtor--both principal and interest. He ~~thought~~ had no doubt that the conditions in the cities of Bangalore and Mysore and in the K.G.F. were serious enough as the debtors were being harassed by the professional moneylenders.

Mr. P. SUBBARAMA CHETTY thought that Government ought to have passed legislation much earlier. The evils were a common feature of every place in the State, not only of big cities but also of mofussil places, the ~~only~~ diffce. being ~~In villages~~ the money lending people were different from those doing the business in towns.

Mr. K. DHANAKOTI CHETTY said that the conditions in Mysore were very bad and they called for legislation urgently.

Mr. H.K. GARUDACHAR said that so far

as

as the village bankers went, though they were not harassing the people so much, the rate of interest whether in cash or in kind charged was very high and had to be limited. He was not sure that the Usurious Loans Act was put into operation in Mysore.

The UNDER SECRETARY TO GOVERNMENT explained that in the K.G.F., the money lenders had been charging as much as 75 % interest but that after the passing of the Usurious Loans Regulation, discretion was exercised by the court in limiting it to 24 %

Mr. GARUDACHAR pointed out that there were instances where certain well organized joint stock banks and co-operative societies in Bangalore had been charging penal rates of interest ranging from 12 % to 25 %. He thought it necessary to fix the maximum rate at least in the case of co-operative societies at 9 % inclusive of penal interest.

Mr. S. VENKATAKRISHNAIYA while admitting that the evil was there explained that different aspects of moneylending required different considerations. As matters stood, the Usurious Loans Act could be applied when cases went to court; but outside the court the debtor had no remedy. In determining the rate of interest, the courts had discretion to consider the special circumstances of each case. For example, in the case of a mine laborer, the rates must be very high indeed, in view of the great risks to his life. Instead of specifying the maximum rate of interest, he would put the provision in the negative form. As in the British Money lenders' Act, the

debtor should be given the opportunity to resort to court to plead the high rate of interest. As it is, if the creditor did not go to court, there would be no remedy for the debtor. It was therefore necessary to bring the money-lender under disciplinary control by a system of licensing.

To sum up his proposals are

1. The Usurious Loans Act be amended with regard to the fixing up of rates of interes

2. Compulsory registration in the case of foreigners and in the case of local people, mere insistence on proper maintenance of account

Mr. K.V. ANANTARAMAN said that he would treat the case of foreigners differently from the indigenous moneylenders. Seeing that there were only very scanty credit facilities in the State, tying the hands of the creditors would tempt them to resort to subterfuges. He was of opinion that the problem was acute only in industrial areas and not in the rural areas. It was necessary to license the outsiders coupled with some onerous conditions. Again the foreign money lenders like Marwaris who wrote up the accounts in Gujerathi must be forced to maintain them either in English or Kannada. The system of loose-leaf ledgering now in vogue with them should be prohibited.

As regards local people, they could be dealt with under the Usurious Loans Act and it would suffice if it was made obligatory on their part to maintain accounts.

He did not consider it would be difficult for the authorities to determine who an outsider was as distinguished from a local Mysorean.

Mr. A. R. NAGESVARA AIYAR agreed that some legislation was necessary. He thought it would be difficult to differentiate between a foreign moneylender and a local moneylender. He was for passing legislation and reserving the power with Government to extend its provisions to whatever areas found necessary.

After further discussion of the details, the CHAIRMAN summarised the decisions arrived at:

(1) Registration may be made compulsory for all classes of moneylenders but there may be a separate Section for licensing; and provision may be made conferring power on Government to license certain classes of moneylenders. That would become applicable only when Government considered it necessary. Government may be allowed in their discretion to apply this licensing provision either to special areas or to special classes of moneylenders, or to special kinds of businesses. The general provision of Registration would apply to all professional moneylenders.

(Khan Bahadur Mahomed Abbaskhan suggested that some indication of the classes of people to whom the licensing provision will apply should be shown in the Regulation itself.)

(2) The provisions contained in the Agriculturists' Relief Regulation, e.g., (i) furnishing statement of accounts to the debtor every half year, (ii) furnishing receipts, (iii) providing pass books; could be incorporated in the new legislative measure.

(3) Accounts may be required to be maintained in a prescribed form. The question of language in which to maintain the accounts is a detail which could be considered later on;

(4) Compound interest and penal interest

need

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THE MONEY-LENDERS' ~~REGULATION, 193~~ Bill

-o-

A Regulation to provide for more effectual control of money-lending in Mysore.

Preamble

Whereas it is expedient to make better provision for the control of money-lending and to give additional power to courts to deal with money-lending in Mysore; it is hereby enacted as follows:-

Part I.

Short title, extent and commencement.

1. (1) This ~~Regulation~~ Act may be called the Mysore Money-lenders ~~Regulation~~ Act, 193

(2) The Government may, by notification in the official gazette, extend this ~~Regulation~~ Act or any portion thereof, to any local area or class of money-lenders or class of money-lending business and may also by a like notification subsequently exclude from the operation of this ~~Regulation~~ Act or portions thereof, any such local area, class of money lenders or class of money-lending business to which it had been extended.

2. In this ~~Regulation~~ Act, unless there is anything repugnant to the subject or context

(1) "Authorised name" and "Authorised address" mean respectively the name under which and the address at which a money-lender is authorised by a ~~certificate~~ license granted under

this Regulation to carry on business as a money-lender.

Madras Bill (S. 2)

(1). "Bank" means a company carrying on the business of banking and registered under any of the enactments relating to companies for the time being in force in the United Kingdom or in British India or in Mysore ~~in~~ or incorporated by an Act of Parliament or by Royal Charter or Letters Patent or by any Act of the Indian Legislature or by any ~~Regulation~~ Act in Mysore.

(3) "Business name" means the name or style under which any business is carried on, whether in partnership or otherwise.

Madras Bill (Sec 2)

(2) "Company" means a company registered under any of the enactments relating to companies for the time being in force in the United Kingdom or in British India or in Mysore or incorporated by an Act of Parliament or by Royal Charter or Letters Patent and includes life assurance companies to which the Indian Life Assurance Companies Act, 1912, applies, but shall not include 'private company' as defined in the Indian Comapnies Act, 1913 or the Mysore Companies Regulation, 1917.

Madras Bill Sec. 2]

(3) "Co-operative Society" means a society registered under the provisions of the Mysore Co-operative Societies Regulation, 1917.

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Madras Bill (2)

(4) "Court" includes a court acting in the exercise of insolvency jurisdiction.

Madras Bill 2 + Bengal Act 1

(5) "Money-lender" means any person who grants a loan and shall include the legal representative and the successor-in-interest whether by inheritance, assignment or otherwise of the person who advanced the loan.

[English Act 15]

(6) "Interest" does not include any sum lawfully charged in accordance with the provisions of this Regulation by a money-lender for or on account of costs, charges or expenses, but save as aforesaid, includes any amount, by whatsoever name called in excess of the principal, paid or payable to a money-lender in consideration of or otherwise in respect of a loan.

Madras Bill

(7) "Loan" means an advance whether of money or in kind at interest and shall include any transaction which the Court finds to be in substance ~~of~~ a loan.

(8) "Prescribed" means prescribed by rules ~~xx~~ made under this Regulation.

English Act.

(9) "Principal" means in relation to a loan the amount actually lent to the borrower.

this Regulation to carry on business as a money-lender.

Madras Bill (S. 2)

(1). "Bank" means a company carrying on the business of banking and registered under any of the enactments relating to companies for the time being in force in the United Kingdom or in British India or in Mysore ~~in~~ or incorporated by an Act of Parliament or by Royal Charter or Letters Patent or by any Act of the Indian Legislature or by any ~~Regulation~~ Act in Mysore.

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Madras Bill Sec. 2

(3) "Co-operative Society" means a society registered under the provisions of the Mysore Co-operative Societies Regulation, 1917.

30

Part II.

Bengal 3

Presumption in case of certain loans.

3. Where in any proceedings in respect of any money lent by a money-lender after the commencement of this Regulation, or in respect of any agreement or security made or taken after the commencement of this Regulation, it is found that the interest charged exceeds the rate of eighteeen per cent per annum in the case of a secured loan, or twenty four per cent per annum in the case of an unsecured loan, or that there is a stipulation for rests at intervals of less than six months, the Court shall, unless the contrary is proved, presume for the purposes of section 3 of the Usurious Loans Regulation, 1923, that the interest charged is excessive and that the transaction was substantial unfair, but this provision shall be without prejudice to the powers of the court under the said section where the court is satisfied that the interest charged, though not exceeding eighteen per cent per annum or twenty four per cent per annum, as the case may be, is excessive.

Maximum rate of interest recoverable under a contract which provides for the payment of compound interest.

Bengal 5

4. No money-lender shall recover by suit interest of any kind at a rate exceeding ten per cent per annum in respect of any loan made after the commencement of this Regulation under a contract which provided for the payment of compound interest.

Bengal 4

Ban to recovery of interest exceeding the principal.

5. No court shall, in respect of any loan made after the commencement of this Regulation, decree on account of arrears of interest a sum greater than the principal of the loan remaining due.

Bengal 7

Money-lender to supply debtor with particulars of loan.

6 (1) Every money-lender, on demand made in the prescribed form by a debtor by registered post and on tender by him of the prescribed fee for expenses, shall supply such debtor with such particulars as may be prescribed concerning any loan made by him to the debtor on account of which any sum is due from the debtor.

(2) Any money-lender who sends by registered post to the debtor, at the address mentioned in the form of demand the particulars referred to in sub-section (1) shall be presumed to have complied with the demand made under that sub-section.

(3) Where a money-lender has complied with a demand made by a debtor under sub-section (1) the debtor shall not be entitled to make a further demand under the said sub-section in respect of the same loan within a period of six months from the date of such compliance.

Punjab 1930 cl 3 Expl

(4) A person to whom a statement of account has been supplied under sub-section (1) shall not be bound to acknowledge or deny its correctness and his failure to object to the correctness of the account shall not by itself be deemed to be an admission of the correctness of such account.

[Inserted as fn 8]

Failure to supply particulars under section 6.

7. If a money-lender to whom a demand has been made and the prescribed fee for expenses has been tendered in accordance with the provisions of sub-section (1) of Section 6 fails without reasonable excuse to comply ~~xherewi~~ therewith within a month from the date of the service of the demand or tender of fee whichever

Marks 4.

7. Every Moneylender shall on demand at the time of a payment give to the debtor or his agent a receipt for the sum paid by him duly signed and if necessary stamped.

Failure to supply particulars under section 6.

8 (1) If a money-lender to whom a demand has been made and the prescribed fee for expenses has been tendered in accordance with the provisions of sub-section (1) of section 6 fails without reasonable excuse to comply therewith within a month from the date of the service of the demand or tender of fee whichever is later, interest shall not be chargeable in respect of the loan concerning which the demand was made for so long as the default continues.

[Bengal S 8]

See explanation

(2) Notwithstanding anything contained in any other enactment in force for the time being, any money-lender found guilty of non-compliance with the provision contained in section 6(1) shall be punishable with a fine which may extend to two hundred rupees.

is later, interest shall not be chargeable in respect of the loan concerning which the demand was made for so long as the default continues.

Deposit in Court of money due to money-lender.

9 (1) Where a debtor has sent to a money-lender by postal money-order any sum of money due from him to the money-lender in respect of a loan and the money-lender has refused to accept the same, the debtor may apply in the prescribed manner to the lowest Civil Court having jurisdiction over the place where he resides for permission to deposit the said sum in Court to the account of the money-lender and the Court on receiving the prescribed fee from the debtor shall keep the said sum in deposit and shall send a notice of the deposit in the prescribed manner to the money-lender.

(2) If a money-lender accepts money sent in the manner specified in sub-section (1) by debtor or withdraws money deposited under the said sub-section he shall not be bound by any statement made by the debtor in remitting or depositing the money.

PART III.

definitions for parts III & IV

10. In parts III and IV of this Regulation -

Money-lender

(1) "Money-lender" means a person, who regularly pursues the business of advancing loans and shall include the legal representative and the successor-in-interest whether by inheritance, assignment or otherwise of the person who advanced the item.

Loan

(2) "Loan" means an advance whether of money or in kind at interest and shall include any transaction which the Court finds to be in substance a loan, but it shall not include

(i) a deposit of money or other property in a Government Post Office Savings Bank or in a bank, in a company or with a co-operative society;

(ii) an advance made by a bank, a company or a co-operative society or any body corporate for the time being exempted from this Regulation by the Government;

(iii) an advance made by the Government or by any person authorised by Government to make advances on their behalf or by any local authority;

(iv) an advance made by any person bona fide carrying on any business, not having for its primary object the lending of money, if such loan is advanced in the regular course of such business;

(v) an advance made by a landlord to his tenant, by lessor to his lessee, by partner in cultivation or co-sharer to another for the purpose of carrying on agriculture;

(vi) an advance made on the basis of a negotiable instrument as defined in the Negotiable Instruments Regulation, 1917, other than a promissory note.

Registration of Money lenders

Madras 3

1~~0~~. Every "Money-lender" shall register his name and the address of his place of business before such authority and in such manner as the Government may prescribe and shall communicate to the said authority any change in his place of business from time to time. Any such person ceasing to carry on the business of money-lending may on application to the said authority get his name struck off from the Register.

Maintenance of Accounts

(Inserted as Sec 7)

1~~2~~.(1) Every money-lender shall

~~(a) give to the debtor or his agent a ~~xxxxx~~ receipt for every sum paid by him duly signed and if necessary stamped at the time of such payment;~~

~~(b)~~ regularly record and maintain in addition to such accounts as he may ordinarily maintain an account of transactions relating to loans for each debtor separately and in such form as the Government may prescribe;

Madras 4

Provided that the Government shall prescribe the forms, language, script and numerals in which the accounts are to be recorded and maintained;

(2) Notwithstanding anything contained in the Indian Evidence Act, 1872, a copy of the account prescribed under ~~clause (b) of~~ sub-section (1) certified in such manner as may be prescribed,

shall be admissible in evidence in the same manner and to the same extent as the original account.

Grant of passbook

(Agr. Rel Reg 15)

13. Any debtor in whose name an account is kept by any money-lender shall be entitled on demand to receive from such money-lender a pass book and to require from time to time that his account up to date be written there and authenticated by the signature or mark of the said money-lender.

Any entry so made in ~~xxx~~ any such pass book for any payment made to the money-lender shall be deemed to be equivalent, for the purpose of section 7, to the grant of a receipt for the amount so entered.

Penalty of non-compliance.

14. (1) Notwithstanding anything contained in any other enactment in force for the time-being, any ~~xxxxx~~ money-lender found guilty of non-compliance with the provision as to registration contained in section 10 ~~or with the provision contained in clause (a) of sub-section (1) of section 11~~ shall be punishable with a fine which may extend to Rs. 200. For a second or subsequent conviction for non-compliance with the provision as to registration contained in section 10 he shall be liable to be punished with imprisonment of either description for a term not exceeding one month or with fine not exceeding Rs.500 or with both.

Preliminary issue single decided

Factors 5 [8a]

(2) (a). In any suit or proceeding relating to a loan the Court shall, if necessary, before deciding the claim on the merits, frame and decide

the issue, whether the money-lender has complied with the provisions ~~of clauses (b) and (c)~~ of sub-section (1) of section 12.

Penalty for non Compliance

(b) If the Court finds that the provisions ~~of clause (b)~~ of sub-section (1) of section 12 have not been complied with by the money-lender, the Court shall, if the plaintff's claim is established in whole or in part, disallow the whole or in ~~part, or the whole~~ portion of the interest found due, as may seem reasonable to the Court in the circumstances of the case and shall disallow costs.

Section 5 (2)

(c) If a money-lender to whom a demand has been made under Section 13 fails without reasonable excuse to comply therewith within one month after the demand has been made, he shall not so long as the default continues, be entitled to sue for or recover any sum due under the contract on account of principal or interest and interest shall not be chargeable in respect of the period of ~~fa~~ default.

English Act 8(3)

Period of validity of Registration

English Act 1900 + s 3(2)

15. A registration shall cease to have effect on the ~~expiration~~ expiration of three years from the date of registration but may be renewed from time to time in such manner as may be prescribed and if renewed shall have effect for three years from the date of the renewal.

Part IV.

Licensing of money-lenders

[English 1]

16. (1) No person to whom this part has been made applicable under sub-section (2) of section 1, whether carrying on business alone or as a partner in a firm, shall do money-lending business except under the authority and subject to the terms and conditions of a licence, granted under this Regulation

(2) Whoever in contravention of the above sub-section or of any rule or order made under this Regulation or of any licence obtained under this Regulation carries on business as a money-lender shall be liable to a fine not exceeding five hundred rupees provided that on a second or subsequent conviction for a similar offence the offender shall be liable to be punished with imprisonment of either description for a ter not exceeding three months or with ~~a~~ fine not exceeding one thousand rupees or with both.

[English 1]

Cancellation & suspension of licence

English 3

17. (1) The Government ~~or~~ or such authority as ~~they~~ ~~it~~ may be empowered by the ~~Regulation~~ Government in this behalf may, after giving the person an opportunity of being heard, (i) cancel or suspend any licence granted under this Regulation and (ii) declare any person disqualified for obtaining a licence under this Regulation either permanently or for such period as it thinks fit.

(2) Any court by which any person is convicted of an offence against any provision of this Regulation or of any rule made thereunder shall, if such person holds a licence under this Regulation,

cause particulars of the conviction to be endorsed thereon and may in respect of such person and licence, if any, exercise like powers as are conferred by sub-section (1) on the Government.

(3) Where a court re-opens a transaction of a money-lender under section (3) of the Usurious Loans Regulation, 1923, the court may, if such person holds a licence under this Regulation, cause such particulars as it thinks desirable to be endorsed on such licence.

(4) A copy of every order of cancellation, suspension or disqualification made under this section in respect of the licence or the holder of the licence shall be endorsed on the licence, & a copy of every endorsement in accordance with the provisions of this section shall be sent to the authority by which the licence has been granted. (5) Every holder of a licence shall on being called upon to do so produce his licence before any authority acting under this section. (6) The person whose licence is cancelled or suspended in accordance with the provisions of this section shall, during the period for which such order of cancellation has effect or during the period of suspension as the case may be, be disqualified from obtaining a licence.

18. No contract of loan between money-lender and a borrower entered into after the commencement of this Regulation shall be enforceable unless a note or a memorandum in writing containing such particulars of the contract as may be prescribed by rules to be made and signed personally by the borrower.

Power of Government to make rules.

(1) The Government may make rules carrying out the purposes of this Regulati

(2) In particular and without prej dice to the generality of the foregoing pov such rules may provide for all or any of th following matters, viz.,

(i) the form of demand by a debtor, particulars to be supplied by a money-le and the fee payable by a debtor under section 6(1);

(ii) the procedure for deposit in Court under Section 8(1);

(iii) the forms, language, script an numerals to be used in the accounts requ to be kept under clause (b) of sub-secti (1) of section 11;

(iv) prescribing the manner in whic accounts required by clause (c) of sub- section (1) of section 11 shall be sent the creditor to the debtor, the forms to be used and the details to be incorporat therein;

(v) the procedure for registration der section 10 and renewal of registrati under section 14 and the fee therefor;

(vi) the form of the license that has been taken out by the money-lender ar any appropriate fee payable therefor, and procedure to be followed in granting the license, ~~and~~ the terms and conditions subj to ~~which they~~ it may be granted, for the peru which it shall remain in force.

(vii) the details to be noted under

Section ~~17 (2)~~ 18.

Savings.

20. ~~Notwithstandx~~ Nothing contained in this Regulation shall affect the provisions of the Mysore Agriculturists Relief Regulation, 1928.

See B Pmt 36 + 39

STATEMENT OF OBJECTS AND REASONS.

The need for controlling and regulating the transaction of money-lending by legislation in order to protect ignorant debtors against fraud and extortion is now generally recognized and the Bill is designed to secure this and without, at the same time, interfering unduly with the system of private contract.

Government stated in reply that necessary legislation would be introduced.

The question of legislation for controlling money lending has been coming up in the Representative Assembly often. ~~Even~~ At the ~~last~~ Dasara session of 1933 a resolution was moved in the matter and the Government accepted the principle underlying the resolution and said that they would take needful action as soon as practicable.

(There was also a resolution in the R.A. in October 1937 recommending legislation for licencing money lenders and requiring the keeping of proper accounts by them.)

The Royal Commission on Agriculture the Royal Commission on Labour and the Banking Enquiry Committee have all recommended legislation for controlling money-lending business on certain lines. Certain of the British Indian Provinces have already taken or are taking action.

The question has since been examined and Govt are of opinion that legn action is called for. To decide as to the provns to be included ~~in the~~ if legn is undertaken a Comte of some non-official gentlemen ~~and they~~ were also of opinion that legislation is necessary.

Whose recommendations have been considered & provided for wherever they were found suitable

We have in the Statute Book two pieces

of legislation affecting money-lending, viz., the Usurious Loans Regulation and the Agriculturists' Relief Regulation. But they go only a small way in giving relief to debtors. The Agriculturists' Relief Regulation applies only to the class of small agriculturists. These two Regulations are ineffective as against the extortion of a class of unscrupulous money-lenders and give no relief to the debtors of the ordinary middle class or working class.

The business of money-lending, as carried on by certain classes of money-lenders, is very unsatisfactory and places the debtors who are largely drawn from the middle and working classes at their tender mercies. The need, ignorance and illiteracy of the debtors are being exploited by them to an un-conscionable degree. A certain class of moneylenders, as a rule, never give receipts for the moneys they receive from debtors and they keep their accounts in a language and form which none but themselves can decipher and understand.

The interest charged is exorbitantly high and it seems to be necessary to fix a reasonable maximum. The aim of the Bill therefore is to fix a reasonable maximum rate of interest, to provide for the good and safe conduct of the business of certain kinds of money-lending and to secure as between certain classes of money-lenders and debtors an improved system of keeping accounts which will give to the latter the means of ascertaining periodically

Provision is also made for registration and licencing of money lenders.

periodically how their accounts stand and how they are composed. At the same time, the Bill is cautious enough not to unnecessarily harass the money-lenders and restrict the facilities for credit. By taking powers to except certain classes of loans, it expressly avoids interference with accounts connected with trade and commerce. The penalties for non-compliance of the provisions of the bill are not hard, but reasonable and just sufficient to meet the requirements of the case.

The Bill consists of four parts and the scheme of the Bill is to enact provisions for three types of money-lending business.

Part I is general and consists of definitions, etc.

Part II consists of provisions which ar applicable to all loan transactions.

Part III deals with registration of professional money-lenders, granting of receipt by them, keeping of regular accounts, etc. The system of registration may be made applicable to all professional money-lenders.

Part IV deals with the licensing of professional money-lenders as under the English Money-lenders' Act of 1927. The provisions in this Part are somewhat stringent and intended for application in the case of certain types of money-lenders about whom a greater amount of control is necessary.

The Government will have the power to

apply

this licensing provision either to special areas or to special classes of money-lenders or to special kinds of money-lending business.

NOTES ON CLAUSES.

Clause 1. The Regulation shall come into force as and when it is notified by Government in the Official Gazette. The entire Regulation or portions thereof may be applied by Government to any local area or class of money lenders or class of money-lending business.

Clause 2. The terms "Bank" and "Company" are comprehensive enough to include also Banks and Companies incorporated in British India or the United Kingdom under the Companies' Act or Act of Parliament or Royal Charter, etc. In this clause, the term "money-lender" is defined generally as any person who grants a loan and to include his legal representative etc., so that the provisions of the Regulation may be applicable to a loan even in the hands of the legal representative, assignee, etc., of the money-lender. The term "Loan" is defined generally as meaning an advance whether of money or in kind at interest. There is a special or restrictive definition of "money-lender" and "loan" in clause 10 for purposes of parts III and IV so as to restrict the provisions of those parts to professional money-lenders.

Clause 3. The Usurious Loans Regulation leaves it to the discretion of the Court

to reduce the rate of interest where the court finds that the interest charged is excessive and that the transaction was substantially unfair. In the absence of a definition of what constitutes excessive interest, there is a tendency on the part of the courts to use as the criteria the prevailing high rates of interest and then also it is not inclined to raise suo moto the defence permitted by that Regulation. With a view to make that provision a more effective instrument for the relief of debtors who as a class are unable to deal with the money-lenders' class on equal terms, this clause provides for a presumption being raised when the stipulated rates exceed certain limits felt to be reasonable for certain kinds of loans.

Clause 4.- Where there is a stipulation for payment of compound interest, a maximum of 10% is fixed as the rate of interest allowable in a suit.

Clause 5.- The rule of <u>damdupat</u> which at present applies only to the case of a Hindu debtor is made applicable generally in respect of all loans.

Clauses 6 and 7.- It is made obligatory on the part of a creditor to supply particulars of the loan to the debtor on application and tender of a fee for expenses by the debtor, and to grant receipts to the debtor if demanded for payments made.

Penalty for failure to supply the particulars within a month from the date of demand or tender of fee is stoppage of interest ~~from~~ for the period of default. The penalty for failure to grant receipts is fine extending to Rs 200.

Clause 9.- Provision is made in this clause giving facility to a debtor to deposit money in court to the credit of the creditor where the latter has refused to accept it when sent by money order. This is only a method of evidencing tender of money due, where the creditor is evading.

Clause 10.- For the purposes of Parts III and IV, the terms "Money-lender" and "Loan" are defined in a special sense so as to restrict the provisions of ~~the~~ Parts III and IV to the case of professional money-lenders who regularly pursue the business of advancing loans. Certain classes of loans such as those made by banks, joint-stock companies, co-operative societies or other corporate bodies are removed from the purview of these provisions. Advances made by Government or local authorities or by any person in the course of business which is not that of money-lending, advances made by a landlord to his tenant and advances made under negotiable instruments other than a promissory note are also excepted.

Clause 11.- Every professional money-lender is required to register his name and address in the prescribed manner.

Clause 12.- Every such money-lender is required ~~to give receipts to his debtor for payments and~~ to regularly record and maintain accounts in a prescribed manner. The Government is empowered to prescribe the form, language, script and numerals in which the accounts are to be maintained. A certified copy of such account is made admissible in evidence. It is a privilege conferred ~~on the~~ of accounts of registered money-lenders as in the case of banker's books.

Clause 13.- Provision is made for the supply of a pass book to the debtor for making entries therein from time to time.

Clause 14.- Penalty for failure to register ~~or to grant receipts~~ is fine of Rs.200. A second or subsequent conviction is made punishable with imprisonment of either description for a term not exceeding one month or with fine not exceeding Rs.500 or with both. In case of failure to maintain accounts in a prescribed form, the court is empowered to disallow the interest. If a creditor fails to supply a pass book when demanded, he is precluded from filing a suit for recovery of the money due so long as the default continues and interest is disallowed for the period of default.

Clause 15.- Registration will have effect for a period of 3 years and it will have to be renewed every 3 years.

Clause 16.- Such classes of money-lenders as are notified by Government will have to take out ~~annually~~ licences ~~in the prescribe~~ ~~form~~ for carrying on their profession. It is found ~~necessary~~ that certain classes of money-lenders who employ ~~are very~~ unscrupulous and extortionate ~~in their~~ methods and ~~who~~ even resort to violence for recovery of their dues To keep them ~~have to be kept~~ under stricter control ~~and~~ this provision of licensing is intended and ~~to~~ will apply to such classes. ~~apply to them~~. The penalty for failure to take out a licence as prescribed is fine not exceeding Rs.500; for a second or subsequent

subsequent conviction, imprisonment of either description not exceeding 3 months or fine not exceeding Rs. 1,000/- or both is provided.

Clause 17.- The Government or the prescribed authority is empowered to cancel or suspend a license or declare a person disqualified for obtaining a license either permanently or for such period as it thinks fit. A court convicting a money lender for an offence under this Regulation may also exercise the above powers. A copy of every order of cancellation, suspension or disqualification will be endorsed on the license and a copy of the endorsement will be sent to the Licensing Authority.

Clause 18.- Every loan contract between a money lender and a borrower is required to be evidenced by a note or memorandum in writing made and signed by the borrower.

Clause 19.- It is the usual provision empowering Government to make rules.

Clause 20.- The provisions of the Agriculturist Relief Regulation are not affected by the provisions in this Regulation which are supplementary to the former.

Appendix F G—1]

SUBJECT.....

.....

.....

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

the *193* .

Date of issue 25/10/33

Signed by .....

List of enclosures.....

Copied by (4) 25/10

Examined by.....

a copy

Section

File No.

Serial No.

No. D 833-38

To

Messrs A. R. Nageswara Iyer,

B. K. Gowdaccar,

P. Subbaraman Chetty

S. Venkata Krishnaiah

K. Dhanakoti Chetty

Khan Bahadur M. D. Abbas Khan

Dear Sirs,

Govt. have under their consideration the question of introducing legislation for regulating and controlling the business of pawn brokers and money-lenders in the State, and to check the nuisance the Pathan money lenders, and would be glad to have your considered opinion in this matter

2

I am instructed to request you to be so good as to make it convenient to attend a meeting to be held in the Chambers of the H. Member of Council, Public Works, Bangalore on Monday

November 1933 at 3.30 p.m.

for the above purpose.

~~I have the~~ Yours

W.

~~For~~ Secy

Copy to Regr. G.R.S. for kindly arranging for seating accommodation

By

W.

~~For~~ Secy.

Bgs. 21.IV.33.

2216/1933

General and Revenue Secretariat.

R.& R.D.1833-33 Bangalore, dated 25th Octr.1933

Dear Sir,

Government have under their consideration the question of introducing legislation for regulating and controlling the business of pawn-brokers and money-lenders in the State, and to check the nuisance of the Pathan money-lender and would be glad to have your considered opinion in the matter.

"I am desired to request you to be so good as to make it convenient to attend a meeting to be held in the chambers of the Second Member of Council, Public Offices, Bangalore, on Monday the 6th November 1933 at 3.30 P.M. for the above purpose.

Yours sincerely,

Chief Secretary.

TO

Messrs. A.R. Nageswara Iyer
B.K. Garudachar
P. Subbaraya Chetty
S. Venkatakrishniya
K. Dhanakoti Chetty
Khan Bahadur M. Abbas Khan

Copy to the Protection Branch.

Please put up the file at the inference.

Dewan

Appendix F G—1]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193* .

Date of issue 25.8.37

Please make a copy

Signed by Mr. A. S. R.

List of enclosures 1 x 1 Exp. [illegible]

Copied by

Examined by.....

Section Judge's

File No. 14-37

Serial No. 1

No. P 1147/Genl.

To The Registrar High Court

Sir,

I am directed to forward herewith a copy of the draft Act to provision for more effective control of money lending in Mysore and to request you to favour Govt with the opinion of the High Court about the advisability of introducing such a measure in the State

I have the

WD/23.8

WD 03601—GPB—30,000—23-9-35

For Gl. Secy

See

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

R.O.C. No. 151/37-38
D/Dis.

HIGH COURT OF MYSORE,
Public Office Buildings, Cubbon Park,
Bangalore, 24th November 1937.

FROM: T. Shamiengar, Esq., B.A., B.L.,
A Sundararaja Rao, Esq., B.A., B.L.,
Registrar, High Court of Mysore.

To

M. Venkatesa Iyengar, Esq., M.A.,
General Secretary to the Government of Mysore,
Bangalore.

GENERAL SECRETARY
25 NOV. 1937

SIR,

With reference to your letter No.P.1147, dated 25-8-37, forwarding a copy of the draft Bill to provide for more effective control of money lending in Mysore and requesting the opinion of the High Court about the advisability of introducing such a measure in the State, I am directed to forward herewith the minutes of the Chief Justice and other Judges of the High Court on the Bill.

Copy in original, placed in A. Lips 4-39.

I have the honour to be,
Sir,
Your most obedient servant,

T. Shamiengar
Registrar.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.